

**SECTION 7**  
**CASH MANAGEMENT**

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## **CASH MANAGEMENT**

Cash collection often occurs simultaneously with meal counting. Collection procedures should facilitate rather than inhibit the meal count system. Also, overt identification of free and reduced-priced students must be prevented during issuing and collecting the medium of exchange.

Payment for meals may be done in any combination of three ways: prepayment, cash at the point of service, and a post-billing system, i.e., charges (**not recommended**). An all cash line, where reduced-price and paid students pay and free students do not is almost always unacceptable because it overtly identifies the free student. An exception would be if a la carte items are sold, then cash payments from reduced-price and paid students could be accepted on the serving line.

The same payment options must be available to all students regardless of eligibility category. For instance, if students eligible for paid meals have the option to pay on a weekly basis, students eligible for reduced-price meals must also have this option.

## **CASH CONTROLS**

Monies should be safeguarded at all times and amounts properly recorded in the accounting records.

Procedures must be established for adequate cash control. Duties should be separated among the employees for the following:

- Cash collections
- Bank deposits
- Cash disbursements
- Reconciliation of bank/county treasurer statements.

Custodians of the change fund must be bonded for an amount equal to the fund amount.

Blank checks must not be given to employees.

## **CASH RECONCILIATION**

All cash must be verified prior to the meal service. At the end of the meal service period, count and record the actual cash collected. The cash count should be taken without regard to the meal count, recorded and signed daily (Exhibit A). A second person must verify the cash count and also sign. Cash collected by different individuals should not be merged until individual counts are taken and recorded.

The amount of potential income should be calculated daily. This can be done by using the "Food Service Cash Reconciliation" sheet (Exhibit B). Actual cash should be compared to potential cash. Record all differences (overages and shortages). Figures should not be forced to balance and meal counts should not be adjusted to balance the cash collected.

All cash should be deposited into the food service or general account daily. The "Cash Receipts Summary" (Exhibit C) can be used to record daily cash receipts and deposits. Total daily sales should be traceable by source documents to a bank deposit.

## ACCOUNTS

### Clearing Account

Sponsors with separate food service accounts, such as public schools, should open a Food Service bank account. The only disbursements from the account are transmittals to the county treasurer. The transmittals should be made weekly, if practical, or at least monthly. The checks for this account must be serially pre-numbered for full accountability. The bank must be instructed to pay only clearing account checks made payable to the county treasurer. Bank accounts should be reconciled monthly by an employee who has no cash recording responsibilities.

Public schools have the option of setting up the following accounts:

### Revolving Account

A revolving account may be established for use in food services operation. The revolving account for public schools may not exceed \$500. A warrant should be drawn from the Food Services Fund on deposit with the county treasurer. This account may be used for such items as payment of freight on commodities, purchase of food required in emergencies, temporary employment not to exceed eight (8) hours for any person and other minor disbursements. A revolving account should be used for expenditures only.

At all times, the cash in the bank plus the total of paid invoices, must equal the authorized revolving account amount. Custodians of the Revolving Fund must be bonded for an amount equal to twice the fund amount.

Revolving account monies may be withdrawn only by a check signed by two bonded employees appointed by the Governing Board of the district. These employees should have no cash recording responsibilities.

The Revolving Fund is a continuous fund and is terminated only by Governing Board decision, dissolution or reorganization of the school district.

### Change Fund Account

A change fund may be established for the sale of meals. Public schools should draw a warrant from the Food Services Fund on deposit with the county treasurer. Change funds cannot be established from food service operations cash revenues. Expenditures from change funds are not permitted.

The following measures should be incorporated into procedures for controlling change funds:

1. At the beginning of daily activities, recipients of change funds (e.g., cashiers and ticket sellers) should sign a change fund log for cash received.
2. At the end of the day, cash is counted and returned for safekeeping in the district or school safe, and the change fund log is updated.
3. At the end of the school year, deposit the change fund into the food service account which ensures its safety over the summer holidays and enables the fund to earn interest.

Custodians of the Change Fund Account must be bonded for an amount equal to the fund.

For more information, refer to the *Uniform System of Financial Records (USFR)*, Section VI, Food Services.

## **CASH/TICKET MANAGEMENT POLICIES**

### Ticket Sales

A log of breakfast and lunch pre-numbered tickets should be maintained for each ticket type: full-price, reduced-price and paid.

Tickets are to be valued as cash and must be safeguarded in the same manner as cash. Each ticket seller should sign the ticket log when receiving tickets. The Daily Cash Report should indicate the total tickets sold by type, the number of the first ticket sold that day and the number of the first ticket available for the next day.

### Ticket Refunds/Credit Account

Refunds for unused tickets or credit accounts may be made from either the Food Services Fund revolving account or daily food services cash receipts. If the revolving account is used to make refunds a petty cash account may be established in an amount equal to the total estimated refund amount based on previous years' refunds. Pre-numbered refund slips must support refunds. The total refund amounts as recorded on the pre-numbered refund slips plus remaining cash must equal the petty cash amount. Remaining cash must be returned to the revolving account.

When ticket or credit account refunds are made from daily cash receipts, the following procedures must be followed:

- ✓ A pre-numbered refund slip must be completed in duplicate,
- ✓ The slip is signed by student/parent, the cashier and the food services manager, and a copy is given to the student/parent,
- ✓ The amount of the unused ticket refunds should be recorded on the daily cash report and the tickets and original refund slip attached to the report.

### Lost and Stolen Tickets

Sponsors may establish their own ticket replacement policy. Ticket refers to any and all forms of exchange used in the schools' or institutions' food service collection systems, including daily, weekly or monthly paper tickets, cards, coins or tokens. When handling instances of missing tickets, schools need not actually issue a replacement ticket if appropriate meal arrangements, such as accompanying the student through the cafeteria line, are made. It is recommended that the meal or ticket replacement policy for missing free and reduced-price tickets be extended to the loss of full price tickets. If such a uniform policy does not cover the full price students, schools must exercise care to preclude the overt identification of needy students when reissuing free or reduced-price meal tickets or making arrangements to provide meals to students whose tickets are missing.

A system which limits the number of tickets reissued must conform to the following standards:

1. Parents and students must be advised in writing of the school's policy regarding missing tickets and of the students' corresponding responsibility for their tickets. Such notice shall be provided at the time applications are distributed to households or upon approval for free or reduced price benefits.
2. A minimum of three ticket replacements, or special meal arrangements resulting from three lost or stolen tickets, must be allowed for each student within each school year.
3. The school must maintain a list of students who have reported missing original ticket(s) in the current year and the number of occurrences for each student. Prior to denying a meal to any student without a ticket, the list should always be reviewed to determine if the student has already had at least three ticket replacements or special arrangements for lost or stolen tickets within the school year.
4. At least one advance written warning must be given to the student and the parent(s) prior to refusal to allow additional meals or ticket replacements. The written warning must include an explanation that the student has repeatedly requested replacement tickets and that each subsequent time the student fails to have a ticket, they will be expected to either bring lunch or pay full price for lunch.
5. Meals must always be provided to pre-primary and young primary students or for any students with disabilities that may be unable to take full responsibility for a meal ticket.
6. Schools that use a computer card solely for meals must allow three replacements before

charging free and reduced-priced eligible students for a card. An exception is made for schools with a multi-purpose card such as an identification card, activity card, library card and meal card.

Using the above criteria, schools and institutions may develop the most administratively feasible system to handle missing tickets as determined by individual school/institution circumstances and frequency of ticket issuance. In cases of repeated ticket loss or misuse, administrators may wish to contact an adult household member to arrange a meeting to discuss the problem.

#### Cash for Reduced-Price Meals in Serving Line

When accepting cash in line, a procedure must be established which does not overtly identify the eligible reduced-price student to other students.

Cash may only be accepted for reduced-price meals in school lunch serving lines if:

1. The cash amount rung up on a cash register is not visible to students.
2. Cash is accepted for sale of other food items in addition to the reduced-price meal payment.

#### Bad Debts

Student charges which are determined to be uncollectible should be recorded as a bad debt expense. The bad debts are not included as program expenditures.

#### Charges for Meals

The decision to allow or disallow student charges for meals rests with the sponsor. It is recommended that sponsors send the charge policy to households at the beginning of the school year.

For public schools, reference for charging meals appears in the *Uniform System of Financial Records (USFR)*. This states:

Charge sales should be discouraged, since they require subsequent collection procedures. Nevertheless, students who do not have cash to pay for their meals may be permitted to charge them. Adults may not charge their meals. The food service manager is responsible for directing collection efforts. Overdue balances should be collected promptly. A limit should be set on the number of days charges will be accepted.

School Health and Nutrition Programs and USDA also discourage charge sales. If student charges are allowed, each school should maintain a log of these charges. The charged meal is counted on the day it is eaten, NOT on the day the charge is paid. Students should be billed regularly for meals charged and excessive balances should not be allowed. **ADULTS MAY NOT CHARGE THEIR MEALS.**

**DAILY CASH COUNT**

School \_\_\_\_\_ Date \_\_\_\_\_  
Cashier \_\_\_\_\_ Report # \_\_\_\_\_

**COIN:**

Pennies \$ \_\_\_\_\_  
Nickels \$ \_\_\_\_\_  
Dimes \$ \_\_\_\_\_  
Quarters \$ \_\_\_\_\_

**Total Change \$ \_\_\_\_\_**

**DOLLARS:**

Ones \$ \_\_\_\_\_  
Fives \$ \_\_\_\_\_  
Tens \$ \_\_\_\_\_  
Twentys \$ \_\_\_\_\_

**Total Dollars \$ \_\_\_\_\_**

**CHECKS:**

Check Number	Amount
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____

**Total Checks \$ \_\_\_\_\_**

<b>TOTAL</b>	\$ _____
<b>LESS CHANGE FUNDS</b>	\$ ( _____ )
<b>AMOUNT DEPOSITED</b>	\$ _____
<b>OVER/(SHORT)</b>	\$ _____

Prepared by: \_\_\_\_\_  
Signature and Date

Checked by: \_\_\_\_\_  
Signature and Date

**FOOD SERVICE CASH RECONCILIATION**

DATE\_\_\_\_\_

	COUNTS	PRICE	POTENTIAL CASH
A. Potential Cash			
1. Reduced Price Meals			
a. Paid for Today	_____ X	_____	_____
b. Prepayments Received	_____ X	_____	_____
c. Charges Paid Today	_____ X	_____	_____
<b>d. Subtotal</b>			<b>\$_____</b>
2. Paid Meals			
a. Paid for Today	_____ X	_____	_____
b. Prepayments Received	_____ X	_____	_____
c. Charges Paid Today	_____ X	_____	_____
<b>d. Subtotal</b>			<b>\$_____</b>
3. Adult Meals			
a. Paid for Today	_____ X	_____	_____
b. Prepayments Received	_____ X	_____	_____
<b>c. Subtotal</b>			<b>\$_____</b>
4. Other (A La Carte)			
a. _____	_____ X	_____	_____
b. _____	_____ X	_____	_____
c. _____	_____ X	_____	_____
d. _____	_____ X	_____	_____
<b>e. Subtotal</b>			<b>\$_____</b>
5. Total Potential Cash			<b>\$_____</b>
B. Actual Cash			<b>\$_____</b>
C. Difference			<b>\$_____</b>
Prepared by_____	Checked by_____		



## Cash Receipts Summary

School \_\_\_\_\_

Month \_\_\_\_\_ Year \_\_\_\_\_

[illegible]

Prepared by: Signature and Date

Transfer to the County Treasurer

Exhibit C